## Merchandise Trade

Data on foreign trade has been taken from the Customs' records. Published annually, this data includes all merchandise trade except :-

1. Goods not constituting exchanges between Lebanon and a foreign country, such as sea food caught off coastal waters, salvaged goods, goods confiscated or abandoned, and sold by the Customs.

2. Travelers' baggage, immigrants' and emigrants' belongings, and other such items not possessing the characteristics of commodity trade.

3. Minor imports and exports of nominal value, especially those sent by post, such as merchandise samples, gifts and goods valued under L.L. 3.00, books, etc.

4. Special governmental purchases, including imports of military equipment.

5. Goods imported by foreign embassies and missions and by the United Nations Relief and Works Agency (UNRWA).

6. Imports of specified concessionnaires.[1]

Imports are recorded at the Customs under the appropriate commodity sections and country headings ; the entries are based on the declaration of the importer and on the invoice presented when the goods are withdrawn from the warehouses. All the work is done without the use of machines. The present lack of adequate facilities not only leads to many errors in calculations, sometimes great waste in time and energy and delays publication, but also makes the preparations of new tabulations extremely difficult and time-consuming ; whenever new information has been needed, as was the case for the quarterly tabulations of trade by country, it has been necessary to go back to the original Customs registers where imports are recorded.

The major adjustments which had to be made to the Customs figures have been for (1) coverage and (2) valuation. The following discussion treats each of these categories, and indicates the nature and type of adjustments actually made.

1. These imports, as well as those of UNRWA, are recorded separately at the Customs.

### A. Adjustment for Coverage

As noted above, Customs figures of imports and exports do not include personal effects of travelers and goods of nominal value. It has not been thought necessary to make any adjustment to account for these relatively small items. However, adjustments have been made with respect to the following:-

a. **Re-exports:** Re-exports in Lebanon are of two types: (i) those which have paid a duty upon entering the country and have thus been recorded as imports, the duty being refunded when the goods are re-exported (cf. Table 1) and (ii) those which have been re-exported directly from the Customs warehouses (cf. Table 2). For balance of payments purposes only re-exports in (i) have been added to the Customs export figures since they already appear as imports and it has been impossible to isolate them; those in (ii) have been considered as part of the transit trade.

b. **Gold:** Gold movements (bullion and coins) are included in Customs statistics and are often recorded at a fictitious value; as there is no import duty on gold, the government does little to enforce proper declaration and recording. In dealing with this problem, the value of gold has been deducted from foreign trade figures, its quantity by weight determined, and revaluation made on the basis of quarterly free market gold prices. The new estimated values have then been set aside for inclusion in the final tabulation under non-monetary gold movements.

c. It was discovered that foreign banknotes imported have been inadvertently recorded as merchandise imports. Their value in 1951 amounted to over 7.3 million Lebanese pounds (cf. Table 3). This item has been isolated from the merchandise figures for inclusion under capital movements.

d. Imported motion picture films are also included in merchandise imports, being given a fictitious value. As most films are not purchased, but enter the country on a rental basis, this item has also been isolated and excluded from trade returns (cf. Table 4).

e. **Concessions:** The Lebanese Government has entered into special agreements with some foreign concessionnaires thereby allowing them to import certain commodities and

equipment free of duty. These companies may be conveniently divided into two categories according to their main center of interest and operation. 437 471

i. Some companies, like the Beirut Port Company, center their activities in Lebanon.

ii. Others are branches of foreign companies undertaking particular functions which are only a part of major operations abroad. Their local concession gives them some privileges of extraterritoriality; their activities are considered as taking place outside the country, as it were, in a free zone. The Iraq Petroleum Company is in this category.

It is probably because of this distinction between the two types of companies that their imports are recorded differently at the Customs. Whereas imports of companies in (i) are combined with general imports, imports of companies in (ii) are recorded separately. For balance of payments purposes, such a distinction is meaningful: imports by foreign companies in (ii) should be excluded as they do not constitute a drain on the country's foreign exchange resources. On the other hand, imports of companies under (i) should be assimilated to private imports, as these companies, although foreign, pay for their purchases abroad from local earnings. 457[2] 481 439

f. Imports of foreign embassies and missions, and imports of the United Nations Relief and Works Agency, whether destined for consumption in Lebanon or for shipment to other countries, have also been left separate for the same reasons as for imports of concessionnaries under (ii) above.

g. It would have been good to isolate also government imports and to include them under "government expenditures". However, this proved an impossible task as ordinary government imports are usually made through private dealers and are entered as private imports in the Customs records. On the other hand, government imports of military equipment are not recorded at all at the Customs, and no estimates of their value could be obtained.

Supplementary adjustments have also been made to account for "unrecorded transactions". This expression is here used to

457 cover smuggling and genuine trade operations not declared at the
439 Customs frontiers.
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a. **Smuggling**: Smuggled goods may be conveniently divided into (i) merchandise, (ii) narcotics and (iii) gold. It was decided to estimate the value of smuggling in each one of the three categories on the basis of cases caught by the Customs authorities. All contraventions of Customs regulations are in fact entered into special registers, giving particulars on the date, place and nature of the contravention, the means employed, the quantity and value of goods seized, the fine imposed and the conditions of settlement. For 1951 there are over 6000 entries and for 1952 about 5000. However, not all these entries could be considered as willful cases of smuggling; some obviously refer to cases of violations of Customs regulations due to the trader's ignorance of these regulations. Such cases have of course been excluded from consideration for the evaluation of total smuggling. All goods seized are subsequently recorded as merchandise trade by the Customs authorities.

i) Export smuggling of merchandise in Lebanon is normally much larger than import smuggling, mainly because of the country's entrepot position. In 1951 and 1952, most of the import smuggling came from Syria and consisted mainly of tobacco, hosiery, linen, cattle and *samne* (cooking fat), the latter especially during the second half of 1952. The value of smuggled goods seized amounted to about LL. 477,000 in 1951 and LL. 510,000 in 1952. However, private conversations with Customs officials and merchants would indicate that actual import smuggling was at least five times the volume of cases detected; this would make total import smuggling of merchandise about LL. 2.4 million in 1951 and over LL. 2.6 million in 1952.

Goods smuggled out of Lebanon went mainly to Israel and Syria; the merchandise seized is estimated at LL. 133,356 in 1951 and LL. 65,028 in 1952. Customs officials believe that it would be fair to assume that only 2% of the smuggled goods were actually detected. On that assumption export smuggling of merchandise was LL. 6.7 million in 1951 and LL. 3.3 million in 1952.

ii) Very little narcotics is smuggled into Lebanon; the Cus-

toms record of detected cases (mainly of opium brought in by small boats from Turkey) is really negligible; on the other hand, a large amount of *hashish* is smuggled out of Lebanon with Egypt as the main destination. Customs registers indicate quantities seized valued at LL. 152,922 in 1951 and LL. 366,212 in 1952; it is not unlikely, however, that as in the case of merchandise export smuggling, actual traffic was at least 50 times greater, with a value of over LL. 7.6 million in 1951 and LL. 18.3 million in 1952.

iii) As gold movements are not considered a part of merchandise trade, gold smuggling is discussed in a later section, under non-monetary gold movements.

b. **Other unrecorded transactions**: These represent local purchases of small traders from neighbouring countries (e.g. Syria, Turkey and Jordan) who often come to Beirut either to fill specific orders of their customers or to replenish their stocks. The traders take back the purchased goods with them without recording them as exports at the Lebanese Customs. Articles involved in this traffic consist mainly of imported jewelry, perfumes, cosmetics, expensive women's and men's apparel and, in general, any luxury goods that can be easily carried. A private investigation among the main Beirut shops that cater for this business reveals that probably as much as LL. 5 million is spent on it annually by foreign traders.

## B. Adjustments for Valuation

1. Customs statistics for imports are given CIF and exports FOB. Moreover, although all imports are paid for in foreign currency bought in the free market, the Customs Administration records them in local currency, the conversion being made at the official rate of exchange, whenever official rates exist. In fact the Exchange Office has fixed such rates for fifteen foreign currencies (cf. Table 5) whose free market value may be anywhere from 30% to 80% higher than the official rate. Only in the rare cases when an official rate does not exist, is the free market rate used as a basis for conversion into local currency.

a. **CIF Values**. As imports at the Customs are recorded CIF, an attempt has been made, in order to conform to the IMF's

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procedure, to discover their FOB value by deducting shipping and insurance costs from the recorded Customs figures. However, many importers themselves were uncertain of these costs; nor could these costs be isolated either by countries or by commodities. The same commodity would be competitively imported from many different countries and in varying bulk. It was felt that a much more intensive study of the problem was needed before the proper adjustments could be made. Moreover, as virtually all shipping and insurance activities are handled through foreign firms, their cost should normally appear as payment, the same way as the price of imports. Thus, as it was not expected that the use of CIF prices would do serious damage to the overall results, the attempt to discover FOB values was abandoned and all the calculations in this study have been made on the basis of CIF prices.

As Lebanese export prices are quoted FOB, no problem of adjustment for shipping and insurance payments arises in their valuation.

b. **Exchange Rates.** As noted above, the value of imports is almost always converted into Lebanese currency at the official rate, which varies substantially from the open market rate. For purposes of conversion into local currency, the Customs Administration considers only the currency used by the importer in making payment, and not that of the country of origin of the goods. In actual practice it has been found that invoices of imports from countries for which no official exchange rates are fixed by the Exchange Office normally bear the notation "To be paid in Dollars or Sterling". This applies sometimes also to many goods imported from countries for which there are official rates of exchange. In general it can be said that goods from the Sterling Area, the Franc Area, and the USA are paid for in their respective currencies, while the bulk of goods from other countries are paid for either in dollars or in sterling. It is on this basis that conversions into local currency are made. When doubt exists as to the actual currency used for payment, the dollar is assumed to have been used and conversion into local currency is made at the official dollar rate.

The FOB value of exports are based directly on the Cus-

toms declarations. An examination of these declarations of a period of one month indicated that no more than one per cent of the export declarations were quoted in foreign currencies. So it was not thought worthwhile to make any adjustment on that score. Export values in 1951 and 1952 are given in table 6.

c. **Multiple Rates.** The problem confronted in the application of market exchange rates to imports is further complicated by the existence in Lebanon of two free exchange rates for some currencies: the "free" rate and the "area" account rate.

In the case of sterling, for instance, the free rate is the open market rate for the purchase of sterling from a special Lebanese account which could be used for sterling imports into Lebanon. The "area" account rate represents the price at which sterling from accounts of sterling area countries are sold to Lebanese importers, for purchases from the sterling area. These accounts can theoretically be used only between countries in the sterling area (e.g. between Jordan and Great Britain); their use by a non-sterling area country, like Lebanon, represents a leakage of sterling. This contravenes no laws in Lebanon, but does evade British financial regulations. No British exporter may accept sterling area accounts in payment for exports to a non-sterling area country. In usual cases, a Lebanese merchant acquires sterling area sterling from sources in, for example, Kweit for purchases of goods from Great Britain, for delivery to Kweit. However, when the goods arrive at the free zone in Beirut, they are "side tracked" and imported into Lebanon.

Sterling area account rates are slightly lower than the Lebanese account rates in the local market (e.g. in the middle of the two year period 1951-52, £1 - Sterling Area Account - was LL. 8.80, whereas £1 - Lebanese Account - was LL. 9.16). The difference of course accounts for the continued leakages from the sterling area account. The same discrepancy applies to the French franc where a Lebanese account and a Franc area account also exist.

All efforts to isolate the amounts involved in each account have met with failure, and must wait further study

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of the foreign exchange market. For purposes of this study, the Lebanese account rates have been used for both the sterling and the French franc.

d. **The Timing Problem.** The problem of time lags between the payment for, and consequently the transfer of title to goods, and the date of actual importation introduces a serious difficulty in the computation of foreign trade returns. The resulting difference between time of payment and time of recording by the Customs vary with transportation distances, methods of trade (e.g. sale or consignment), and methods of payment (cash, instalment, and credit). The corollary problem is to determine the appropriate market exchange rate to apply to imports.

A survey was made of 51 large importers in Beirut. The sample chosen was based on the principal commodity imports according to value. The number of importers chosen from each commodity group for personal interviews closely approximated the relative value of each category of imports. In many cases, these relatively few large importers accounted for the major share of the imports of that category. Personal interviews were later made of one small importer in each category. The main questions asked related to the time interval between payment and the receipt of the goods.

The results of these interviews, plus conversations with members of various trade associations and banks, seem to indicate that no definite pattern exists in time and method of payment, especially since the end of World War II. Depending on the country, the type of merchandise, and the individual firms involved, time and method of payment ranged all the way from cash payment at the time of placing the order, to credit of up to one month after arrival of the goods. All that can be said is that, in a majority of cases, payment was made partly at time of order and partly at time of shipment. Moreover, payments seem to have been made earlier for goods originating from Great Britain and the USA, and for goods purchased by smaller firms. Credit has been more available for imports from Germany, Italy, and France, and for payments of large and long established firms. A clear case has been that of Germany,

which has been extending credit facilities in order to recapture some of its former trade with Middle Eastern countries. 457 439 651

It was decided that the market rate of exchange to be applied should be that ruling at the time the declaration was made by the importer. The use of any exchange rate ruling at a different period could not be justified on grounds of greater accuracy. Anyway, since merchandise trade is compiled on a quarterly basis, some of the timing discrepancies are cancelled out. Moreover, at a further stage of the tabulation, when conversions were made, it was found that use of an average annual market exchange rate and a quarterly one gave a difference in result of between 0.01 % to 0.02 % . Advancing or retarding the applicable monthly rates of exchange to the four quarters (e.g. using the average market exchange rate for December, January, and February instead of January, February, and March for the 1st quarter) gave an insignificant annual difference.

e. **Conversion Factors.** In the conversion from the official to the real value of imports, the following procedure has been adhered to :-

i) Daily open market quotations of the principal currencies have been recorded, and bi-weekly, monthly, and quarterly averages of each currency computed.

ii) A conversion factor has been calculated for each currency, based upon the average quarterly exchange rate and the official rate (cf. Table 7).

iii) The figures obtained from the Customs, once adjusted for better coverage (except for smuggling and other unrecorded transactions) as suggested in section A above, have been reclassified by currency areas and on a quarterly basis.

iv) The appropriate conversion factor has then been applied to each class, thus giving the real value of imports (cf. Table 8).

2. There is another form of undervaluation for which adjustment must be made. Importers have a tendency to undervalue their Customs declarations in order to reduce their tariff

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payments. An attempt was made to assess the importance of this undervaluation from the Customs' contravention registers. However, it was noticed that detected cases of undervaluation were very infrequent (2-3 %, of total contraventions) and that, when a case was detected, the amount of undervaluation was not stated. Mr. G. Mennassa suggests that all imports should be revalued 5 %, upwards to account for undervalued declarations[1]; talks with Customs officials and merchants, however, would indicate that such a revaluation would be excessive, especially if made on the basis of import prices recalculated at the open market rate of exchange. A 2 %, revaluation would seem more appropriate, being LL. 8.5 million in 1951 and LL. 8.9 million in 1952.

Estimates of the undervaluation of exports are more difficult to come by. It is reported that most exporters put fictitious values on their Customs declarations; this is often done at the request of the foreign importers in order to reduce their Customs payments. As no export duty is ever imposed, the responsible authorities do not seem to insist on exact declarations and do not penalize faulty ones even when detected. Informed guess-estimates of the degree of export undervaluation vary between 10 and 30 %. An average of 15 %, may not, therefore, be too excessive; this would mean an undervaluation of LL. 13.8 million in 1951 and LL. 12.5 million in 1952.

**Conclusion: The Merchandise Trade Balance**

The Customs trade figures show a trade deficit of LL. 214.8 million in 1951 and LL. 248.1 million in 1952, the imports and exports (including reexports) figures being, respectively, LL. 320.7 million and LL. 105.9 million in 1951 and LL. 347.0 million and LL. 98.9 million in 1952. However, when adjustment is made for coverage and valuation as explained in sections A & B above, the net merchandise trade deficit becomes LL. 311.5 million in 1951 and LL. 332.1 million in 1952, imports being LL. 436.4 million and LL. 454.2 million and exports LL. 124.9 million and LL. 122.1 million, respectively.

1 G. Mennassa, *Plan de Reconstruction de l'Economie Libanaise*, Beirut 1948, Appendix 2.

## NON-MONETARY GOLD MOVEMENT

Following the general IMF concept, non-monetary gold movement is here used to mean private gold imports and exports. Government (official) gold transactions and gold transit are treated separately. 457* 651● 439

Lebanon allows the free importation of gold, whether bullion or coins; but gold exportation is subject to licensing. In 1951-52 licences were used very restrictively and covered only very small shipments of gold jewelry and ornaments to Saudi Arabia. There was a short-lived exception in the first two quarters of 1951, where the exportation of gold coins was authorized.

A good deal of the imported gold goes into the Government's official reserves, as currency backing, or is locally consumed in the making of jewelry and ornaments. It is estimated that an average of 30 kilograms is so consumed weekly (or about 1 ½ tons a year). The balance goes into private hoards. When possible, it is smuggled out of the country. Sometimes, as in 1951, when sales profits are high because of an expanded foreign demand or of large government purchases, there may even be net private dishoarding. [306]

It has not been possible to determine accurately the quantity or value of private hoards; they are, however, known to be fairly large. As in other countries in the Near and Far East, gold is still in Lebanon the best alternative to land as the most popular medium in which savings are accumulated. Estimates of private hoards vary between 5 and 10 tons, to which should be added a large amount of gold jewelry. Such jewelry often consists of no more than gold coins mounted on, or connected with, a gold chain to a bracelet or neck piece. [454]

### A. Gold imports

Gold imports in Lebanon consist of gold bars and coins. Quantum and value records of these imports are kept at the Customs. The value records, however, are extremely unsatisfactory

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as they are based on the importer's declaration and more often than not the value declared is fictitious. As gold imports are duty free, the Customs officials do not check carefully on these declarations. It has been necessary, therefore, to reassess the value of imports. This has been done by applying to the recorded quantum of imports the quarterly average gold prices in the open market.

Such a revaluation was easy for imported gold bars as their net weight could be clearly determined by the Customs entries; their fineness, although not indicated in these entries, could be ascertained from that of similar bars usually handled in the Beirut gold market. The revaluation of gold coins, however, presented more serious difficulties. The Customs records do not indicate the various types of coins imported. It has been, therefore, impossible to ascertain their free market prices at the time of importation. Under the circumstances it was thought best to assume that all coins imported were gold sovereigns (King George) and to estimate their value on the basis of prices ruling in Beirut. [1]

Revalued Customs figures show imports of LL. 37.8 million in 1951 and LL. 51.7 million in 1952 (cf. Tables 14 & 15). To these should be added the gold that is smuggled in. This gold comes mainly from French Africa where gold exports are forbidden. To estimate the value of smuggled gold, use has been made, as in the case of goods and narcotics contraband, of the Customs contranvention files (cf. pp. 10-11). These files show that LL. 65,000 worth of smuggled gold was caught in1951 and LL. 26,660 in 1952. Both these figures express values calculated at the official rate of exchange; if adjusted to reflect free market quotations, they would be LL. 111,900 and LL. 44,286. Assuming, as before, that only one-fifth of all the import smuggling was actually detected, total gold smuggling would be about LL. 560,000 in 1951 and and LL. 222,000 in 1952, thus making overall gold imports LL. 38.2 million in 1951 and LL. 51.9 million in 1952.

In order to compute non-monetary gold imports, the Government purchases must be deducted from the above figures. As no direct information is available regarding these purchases, they have been assumed to be the same as the increases in the Government official reserves, i.e., LL. 23.9 million in 1951 and LL. 15.4 million

1 This assumption is justified by the fact that the sovereign is the most readily accepted and commonly handled coin in the local open market.

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in 1952.[1] Thus non-monetary gold imports were LL. 14.3 million in 1951 and LL. 36.5 million in 1952.

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## B. Gold Exports

Except for the two first quarters of 1951 when the exportation of gold was authorized, no gold export is recorded at the Customs. A great deal of gold, however, is known to be smuggled out of the country. The total value of this traffic can only be inferred from the detected cases of contraband.

In 1951, as exportation was allowed during the first six months, smuggling was naturally restricted and the cases of detected contraband were consequently relatively few. The Customs files report seized quantities valued at LL. 730,265 at the official rate, or LL. 1.2 million at the free rate. Assuming again that only one-fifth of the traffic was detected, its total value would be about LL. 6 million. To this should be added regular exports which are recorded at the Customs at LL. 8 million (cf. Table 16). This latter figure should be revalued to account for the undervaluation of export declarations. If adjusted to cover the same degree of undervaluation as for merchandise export (cf. p. 16), gold exports would be LL. 9.2 million; and consequently total gold sales (including smuggling) would amount to LL. 15.2 million in 1951.

In 1952, as no exports were licensed, smuggling expanded. This is indicated by the large increase in cases detected. Value of gold seized amounted to LL. 1.3 million at the official rate, or LL. 2.5 million at the free rate, i.e., more than double the cases detected in 1951. It is likely, however, that as the large quantities involved led to greater care by the smugglers, only one-tenth of the traffic was detected. Thus total traffic may well have been around LL. 25 million.

## C. "Net" Movement

In 1951, non-monetary gold imports were LL. 14.3 million and foreign sales LL. 15.2 million. As an additional 1 ½ tons of gold is normally consumed annually for industrial purposes (i.e., LL. 7.5 million at the prices ruling in 1951) there was, therefore, "net" dishoarding of LL. 8.4 million which came from private reserves. It should be remembered, however, that during the same

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[1] International Financial Statistics, International Monetary Fund, Washington D.C., U.S.A.

*457 period, official gold reserves increased by LL. 28.9 million. Thus
*651 there was a "net" accumulation of gold of LL. 25.5 million.
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In 1952, there was a "net" inflow of non-monetary gold of LL. 4.6 million, imports being LL. 36.5 million, local consumption again 1 ½ tons, i.e., LL. 6.9 million at the then ruling price and exports LL. 25.0 million. The surplus served to swell private hoards. During the year, however, official reserves increased by LL. 15.4 million only; thus total gold accumulation was LL. 20 million, i.e., only LL. 4.6 million more than in 1951.

9.5 **Total taxes (other than income and excise) in year previous to interview. Table 136**

LCI

Respondents were asked what taxes they had paid other than income and excise taxes. Income tax returns are available to the government and were not thought worthwhile to include. Excise taxes are too hidden for respondents to know well enough. Thus the returns are primarily for rent taxes.

The estimate of the total population taxes from the sample runs to about 190,000 L.L. This is probably an underestimate. At any rate the project has no confidence in the figures due to the vagueness of the area covered in the question and the interviewing hazards inherent in the subject of taxes.

9.6 **Cost of clothing purchased in month previous to interview. Table 137**

SRL

Respondents were asked the amount of clothing purchased in the preceding month. Both item and cost were recorded as a check. The estimate of total population expenditure per family on clothing per year is 34,234,000 L.L. or 603 L.L. per family. However, the income is distorted by the heavy incidence of purchases in the over 300 L.L. per month category which constitutes fifty-four percent of the total sample expenditure and is probably entirely for the prosperous classes. Forty-four percent made no purchases at all.

9.7 **Family expenditures on transportation in month previous to interview. Table 138**

Transportation expenses amounted to an estimated total for the population per year of 34,438,000 L.L. Seventeen percent spent no money on transportation, while for those who did spend money on transportation the modal group was under 5 L.L. per month. The mean, distorted by those spending nothing, is L.L. 28.

9.8 **Miscellaneous monthly expenditures** p. 26(A)

Table 126

Total Taxes Other than Income and Excise in Year Previous to Interview

| Taxes | Number | Percent |
|---|---|---|
| Total | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] |
| [illegible]

(s53 s57 ● In matters of finance, the mukhtar must give the tax-collectors any assistance needed in hearing taxpayers or in seizing their property in case of default.[1] Under the computerization of the tax system in 1968 the mukhtars may be called upon to collect the taxes themselves. In fact this was therefore one of the reasons adduced for having these officials appointed by the central government instead of elected. When entrusted with the collection of taxes, the mukhtar is entitled to a commission of two and one-half per cent of the amount collected, provided they secure over 30 per cent of the amount due according to their tax lists. If more than 75 per cent of the amount due is collected, they receive an additional commission of 1 per cent. Failure to collect 30 per cent of the amount due makes them liable to dismissal from office without right of re-appointment for a period of five years.[2]

The mukhtar is responsible for posting the allocation of the harvest tithe determined by the council.[3]

(s55 In matters of land registration, the mukhtar is responsible for certifying to the Land Transfer Office any cases arising within their jurisdiction.[4]

The mukhtar must assist the judicial authorities in carrying out duly authorized raids or seizures. He is responsible for serving any court summons or warrants to persons within his jurisdiction. Authority is entrusted to the mukhtar to assess the damages to crops or communal forests when the amount does not exceed five gold pounds. Such assessments serve as the basis for judgement.[5]

The mukhtar is responsible for the execution of all instructions proceeding from the Department of Agriculture. He must furnish any information or reports required by that Department.[6]

The mukhtar must notify the government of any cases of contagious disease, of the existence of plants of deleterious, and of any cases of accidents from poisoned food. In times of epidemics he is empowered to take the necessary precautions for preventing the epidemic until the central authorities assume control.[7]

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1. Loi des Mukhtars, loc. cit., Art. 36.
2. Loi No 10, March 17, 1968, Jour. Off., No. 8 bis.
3. Loi des Mukhtars, loc. cit., Art. 40.
4. Ibid., Art. 37.
5. Ibid., Art. 38.
6. Ibid., Art. 39.
7. Ibid., Art. 41.

Appendix E.

# BUDGET OF BEIRUT — 1929

## REVENUES

Chapter I.

| | L. Syrian |
|---|---|
| Tax on buildings | 88,560 |
| Tax on [illegible] | 14,760 |
| Vehicle tax | 44,280 |
| Dog tax | 200 |
| | L. Syr. 147,800 |

Chapter II.
Indirect Taxes.

| | |
|---|---|
| Liquor tax | 12,500 |
| Tax on use of sidewalks | 7,000 |
| Tax on coffee houses, cookeries, cinemas, and theatres | 9,000 |
| Tax on land entries | 40,000 |
| Tax on port entries | 187,000 |
| Tax on slaughtering | 12,532 |
| Tax on tanning | 16,315 |
| Tax on weighing | 16,000 |
| Tax on auctions | 19,900 |
| Tax on animal sales | 3,548 |
| Tax on inflammables (storage) | 3,000 |
| Tax on building permits | 11,800 |
| Gasoline tax | 15,000 |
| Tax on motor transport | 80,000 |
| Tax on taxi stands | 7,200 |
| Tax on inflammables (consumption) | 35,000 |
| Miscellaneous | 8,400 |
| | L. Syr. 484,500 |

Chapter III.
Revenues from Municipal Domains.

| | |
|---|---|
| Rents and miscellaneous | 8,000 |
| | L. Syr. 8,000 |

Chapter IV.
Miscellaneous Revenues.

| | L. Syr. |
|---|---|
| [illegible] | [illegible] |
| Tax on houses of prostitution | [illegible] |
| Fines | [illegible] |
| Interest on bank funds | [illegible] |
| Miscellaneous | [illegible] |
| | L. Syr. [illegible] |

Chapter V.

| | |
|---|---|
| Tax on side walk construction | [illegible] |
| Tax on special paving permits | [illegible] |
| | [illegible] |
| Grand Total | L. Syr. [illegible] |

EXPENDITURES

Chapter I.
Administration and Salaries.

| | |
|---|---|
| Administrative service | [illegible] |
| Bookkeeping | [illegible] |
| Technical service | [illegible] |
| Fire service | [illegible] |
| Inspection service | [illegible] |
| Sanitary service | [illegible] |
| Guardian service | [illegible] |
| Reserves | [illegible] |
| | L. Syr. [illegible] |

Chapter II.
Material.

| | |
|---|---|
| Rents and repairs of furniture | [illegible] |
| Furniture, newspapers, printed matter | [illegible] |
| Cleaning and sprinkling | [illegible] |
| Lighting | [illegible] |
| Fire service | [illegible] |
| Water | [illegible] |
| Expenses allowed on works | [illegible] |
| Assessors | [illegible] |
| Guardians | [illegible] |
| | L. Syr. [illegible] |

[redacted]

[redacted]

[redacted]

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[redacted]

[illegible]



4.83
4.87

Chapter VI.
Miscellaneous Expenses.

| | |
|---|---|
| [illegible] | [illegible] |
| [illegible] | [illegible] |
| Care of gardens | [illegible] |
| Repairing bunds, drain and cutting roads | [illegible] |
| [illegible] | [illegible] |
| Miscellaneous | [illegible] |
| | L. Rs. [illegible] |

Chapter VII.
Reserve.

| | |
|---|---|
| | L. Rupees |
| Emergency reserve | [illegible] |
| | L. Rs. [illegible] |
| Grand Total | L. Rs. [illegible] |

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refinery is running on imported crude oil at about a quarter of its capacity. There exists an IPC refinery at Tripoli which treats over half a million tons of crude a year (10,000 barrels a day) for the needs of Syria and Lebanon which it cannot fully supply; accordingly, its extension has been under discussion. Construction has begun on a refinery for 7,000 barrels a day at Homs for Mediterranean Refining Company (Caltex Texas Corporation), but while the Syrian market is still too small to justify the erection of a refinery, the Syrian Government nevertheless wishes to have a refinery established in the country to meet its own needs, and negotiations to this end with IPC and with the World Bank have recently taken place.[1]

Under the Barcelona Convention of 1921 dues are not leviable on transit trade, but the two countries draw, under their agreements with the pipeline companies, a sizable revenue from petroleum apart from the indirect benefits caused by employment by the oil companies. At the time of writing the agreements between the two Governments and the two oil companies are under review but no precise details are available, though the two Governments began by demanding that they should receive jointly a half share of the saving which the companies made by using the pipelines instead of having to transport their oil to the Mediterranean by tanker. Even if this principle were accepted, the difficulty would remain of establishing a satisfactory formula for calculating the saving. The agreement with Tapline is believed to provide Lebanon with about £3-4 million a year. The oil companies bring foreign exchange into Syria and the Lebanon and the currency is surrendered to the Governments at the official rate but can thereafter be resold at the rate applying to the free market which may bring to the Governments a profit of a third. The problem is that Syria and Lebanon are, in fact, not oil-producing states and, although their needs and desires for foreign money may be as great as Iraq's, it is difficult to see how they can expect to obtain from petroleum the same revenue as do the states where it is produced.

*Communications*

In general, roads provide a cheaper and quicker means of transport than the railways which are mostly running at a loss. The railway lines are:

*The Hejaz Railway.* A narrow (3 ft. 7 in.) gauge track runs from the centre of Damascus to Deraa (88 miles) and thence

[1] See *Petroleum Press Service*, February 1955, p. 59.

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figure until February 1953. The cost of living has likewise risen considerably; during the war it rose about sixfold, reaching a peak in 1945. It then decreased steadily until the autumn of 1950, when the Korean boom in raw material prices brought fresh inflationary pressures into Lebanon through her growing commercial and entrepôt trade, and persisted until early 1952. This fresh rise in prices was also caused by the rise in food prices (imported and home grown) following the bad harvest of 1951. Although early in 1953 prices had not resumed their pre-Korean level, they had declined steadily.

The following figures showing the indices of wholesale prices and the cost of living illustrate the salient movement in prices (1948 = 100).

| | 1939 | 1940 | 1950 July | 1951 March | 1951 June | 1951 Dec. | 1952 June | 1952 Dec. |
|---|---|---|---|---|---|---|---|---|
| Wholesale prices | 13 | 134 | 98 | 104 | 96 | 86 | 80 | 77 |
| Cost of living | 20 | 103 | 84 | 95 | 96 | 94 | 91 | 85 |

(Source: IMF, *International Financial Statistics*, September 1952.)

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Budgetary expenditure and receipts have also increased considerably, partly resulting from the rise in prices but also from greater commitments. The main increase in expenditure has been for defence, for the Palestine conflict and its aftermath, and for education. The sources of revenue have undergone a marked change: whereas customs provided 60 per cent of the revenue in 1939, they now contribute only 25 per cent, and new indirect taxes on general consumption now provide the major share, about 50 per cent. A measure to increase direct taxation was introduced in September 1951 in the form of a tax on agricultural income based on a 'presumptive' assessment value at progressive rates of tax. As yet its full effect is not known. The budget estimates for 1952 were: expenditure £L94·25 million, and receipts £L94·16 million; further details are given in table 2 on p. 502 below. The 1953 budget was expected to be of the order of £L110 million.

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The division between the Syrian and the Lebanese currencies became effective at the end of January 1948 and this introduced an agio between the two currencies. At first this favoured Lebanon, but in 1951 the Syrian pound was the higher and then, in 1952, the Lebanese pound returned to a premium of from 0·6 per cent to 0·7 per cent. The exchange rates of foreign currencies are given in table 3 on p. 503 below.

*International Trade*

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In defiance of the gloomy prophecies of economists, Lebanon continues to flourish with an adverse trade balance, which in

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## COTTON IN LEBANON

There are said to be five cotton gins in the country, all owned by textile mills. Several are new gins, including one new one. 248

No one expects cotton acreage to climb appreciably, even though cotton normally returns more money to the farmer than other general crops, particularly in years of high prices. Government agricultural officials and technical assistance people agree that farmers are simply more interested in other crops and the country as a whole considers food crops more important.

The consensus is that the crop may expand by a few thousand bales if the price is favorable.

## COTTON TEXTILES

The cotton spinning industry has about 70,000 spindles, of which 54,000 were operating in early 1953. The weaving industry reports 900 power looms, about 200 hand looms, and a number of small knitting mills operating at capacity. The spindles and most of the power looms are located in six mills which are privately owned by Lebanese industrialists. Most of these spinning mills were built in the late thirties. Some installed second-hand equipment though the majority bought new equipment from Germany, France, United Kingdom, and Japan. Spinning capacity has remained fairly stable during the past few years but knitting and weaving capacity has expanded considerably. 268 [678]

Until the dissolution of the customs union with Syria in 1950, the industries of the two countries were complementary. Lebanon sold from 50 to 60 per cent of its yarn to Syria and bought cloth. The imposition of duties by Syria and the expansion of the Syrian spinning industry virtually stopped this trade. The Lebanese now want to install more looms to balance their mills and consume the output of yarns. Expansion of the cotton textile industry is expected to be along these lines. [643] [409]

At present the cotton textile industry is protected by import duties which average about 30 per cent ad valorem. There are complaints by some local industrialists that this is not adequate. Others maintain that relatively low wages and comparatively high machine efficiency enable them not only to operate successfully in the domestic market but also to compete to a limited extent on the foreign market. These two opinions, reported by the American Vice Consul in Beirut who has studied the industry, likely reflect the range of efficiency. [461]

Cotton yarn exports in 1951 totaled 600 tons in counts from 12s to 40s. This went primarily to Rumania, Pakistan, Cyprus, Aden, Egypt, and Belgium. In the same year the country exported 1,137 tons of cotton cloth, mainly coarse gray goods to Italy, Sudan, Iraq, and other neighboring countries. Imports of piece goods at 1,500 tons were almost equal to exports. Imports for the most part were dyed and printed goods in the specialty lines. 437

Normally Lebanese mills use about 60 per cent Syrian cotton and the balance local and Egyptian. The sources in 1951 were: Syrian, 60 per cent; Lebanese, 20 per cent; Egyptian, 10 per cent; and American, 10 per cent.

312 425 inal permit regulations so specify, permits for the agricultural use of water may be renewed for a period of 40 years.

*Concessions.* The projects envisaged above require permits even when they are projects of public utility. Such permits may not be issued for terms of more than 75 years.

A set of specifications prescribing conditions under which water may be drawn, the periods of use, measures for the care of water, the maximum power of the water fall, the deadline for the completion of the construction works, the term of the concession, the water reserves to be maintained, the financial conditions, the disposal of these works upon expiration of the concession and a clause allowing for the eventual repurchase of the project shall accompany the concession.

● [65] *Fees and Royalties.* Royalties shall be paid for permits and concessions to the state (Article 14).

312 654 *Government Intervention.* Rules and regulations on expropriation of land and water for public purposes shall be applicable to concessionaires, and the state may exert such rights as well as alter or demolish, against payment of an equitable indemnity, legally-erected construction works (Article 17).

*Servitudes and Indemnities*

312 423 The beneficiary of a permit or concession may take advantage of all servitudes in the execution of the work; namely, servitudes on occupation of private property, the strengthening of dams, the submersion of banks and of tracts of land, etc. The government may, where no friendly agreements have been reached on specific points, authorize the concessionaire to avail himself of the above servitudes provided he deposits a guarantee against possible damages.

Article 18 stipulates the indemnity to be paid by a concessionaire wishing to make use of certain servitudes as well as the arbitration procedure to be followed to settle disputes which may arise.

The concessionaire has the right to repurchase private ti-

64: Shwadran S-4 (no date) 1955 M1 Middle East
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interfered with operations, which were resumed in 1947. The Company gave up its concession in August, 1951.[10]

In 1954 it was reported in Damascus that the annual internal consumption of petroleum was about 350,000 tons and that the Government was negotiating with Tapline and I.P.C. to build two refineries near Damascus, the cost of which was to be deducted from the Government's revenue from the two companies.

So far Syria has failed to discover oil in her territory, but the Tapline and I.P.C. pipelines have become important sources of income to the Government and the cause of constant friction between it and the oil companies. From 1947 to 1952 the increase in the income from pipelines was considerable, but the local agitation for higher royalties has been continuous and, in the spirit of the prevailing practice in the area, a demand for a 50 per cent profit-sharing arrangement is constantly being echoed.

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Lebanon signed an agreement with I.P.C. in 1931 under the same conditions as the other countries. The first pipeline ran through her territory for only seventeen miles. The northern branch of the line terminated at Tripoli where a farm of fifteen 93,000-barrel tanks was built. The loading fee at Tripoli was 2 pennies per ton.

In 1947 Lebanon signed the agreement with Tapline mentioned above, and that same year I.P.C. agreed to pay Lebanon transit fees amounting to £45,000 annually. A new agreement with I.P.C. was signed in 1952, raising the transit fees to about £450,000 annually. A new agreement was also signed with Tapline in 1952; it provided for a basic increase in transit fees, for $3 per ton up to 200,000 tons for petroleum products consumed in the country; an increase in the loading fee at Sidon; and annual contributions of $21,000 for the maintenance of the public highways used by the Company's vehicles and $17,000 to the municipalities of Beirut and Sidon in consideration of services.[11]

[10] A. H. Hourani, *Syria and Lebanon* (London, 1946), 116; Longrigg, *Oil in the Middle East*, 91-93.

[11] United Nations Department of Economic Affairs, *Review of Economic Conditions in the Middle East 1951-52*, 58, hereafter cited U. N. *Review of*

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The Chamber of Deputies refused to ratify the agreement and unanimously adopted a resolution demanding that the Government undertake immediate negotiations with all oil companies for the revision of oil agreements.[34] The companies refused to respond to the demands of the Government. At the end of December 1953 the Justice Ministry informed Premier Abdallah al Yafi that it was impossible to take any legal action against Tapline and I.P.C. to oblige them to discuss the question of an increase in royalties.

Attempts were made to present a united front of Syria, Lebanon and Jordan in their demands for higher royalties, but apparently with little success. At the end of May 1954 it was reported from Beirut that the Syrian and Lebanese Governments had agreed to send a joint note to the companies asking for an increase in the royalties, but up to the beginning of 1955 no new agreements had been signed.[35]

REFINERIES

In 1940 the French High Commissioner for Syria and Lebanon built an emergency refinery at Tripoli under an agreement with the Iraq Petroleum Company that he was to own and operate during the war emergency but that was to be turned over to I.P.C. at the end of hostilities for the crude oil which the Company was to supply. The transfer was made on January 1, 1946. Three years later the refinery's quarter of a million barrel capacity was doubled.[36]

A second refinery in Lebanon, the Mediterranean Refinery, was inaugurated in February 1955. It is located at Sidon, built at a cost of about $20 million, and has a capacity of about 6,000 barrels daily. It is owned by the Mediterranean Refining Company which is in turn owned by the partners of Aramco.

Summary and year: *Le Commerce du Levant*, May 21, 1952; *The New York Times*, May 18, 1952; Longrigg, *Oil in the Middle East*, 248; *The Christian Science Monitor*, Dec. 19, 1952. Direct payments by I.P.C. and Tapline in 1952 amounted to £15,500,000; local expenditure by Tapline was £17,800,000 and by I.P.C. about £10,000,000. U. N., *Economic Developments, 1953 to 1954*, 168.

[34] The magnitude of the flow of oil through the terminals of I.P.C. and Tapline in Lebanon is illustrated by the 1953-54 figures. The total for both terminals in 1953 was 22,519,831 tons; in 1954, 22,968,708 tons. In the latter year Saudi Arabian oil amounted to 13,894,761 tons, and Iraqi oil to 7,210,947 tons. *Le Commerce du Levant-Beyrouth Express*, Mar. 14, 1955.

[35] *Mideast Mirror* (Cairo), 19, May 22, 1954.

[36] U. S. Senate, *International Petroleum Cartel*, 97.

Other sources of income were developed, however. Although the breakup of the Ottoman Empire and the erection of tariff barriers in the successor states handicapped Lebanon's transit trade, Beirut continued to be an important distributing centre. In this it was helped by the enlargement of its harbour and by the construction of a good network of roads. These improvements, together with the development of public utilities and hotels, attracted to Lebanon an increasing number of Middle Eastern tourists.

In agriculture, the most important development was the expansion in the acreage planted to olive and fruit trees, and the improvement in quality. The tariff protection gradually accorded after 1928 also stimulated industry. At the outbreak of the Second World War, some 20,000 persons were employed in factories and small workshops, including craftsmen engaged in such traditional seasonal occupations as silk reeling. 1/

During the Second World War, the large-scale expenditure of Allied troops raised incomes and prices, 2/ and the reduction of imports further stimulated industrial production. This increase was achieved with existing equipment, since no machinery could be imported.

Another result of the war was the improvement of communications. The forced savings due to inflation and the shift to profits took the form of francs and sterling balances held by Lebanese individuals and institutions.

## Post-War Period, 1945 to 1954

Since 1945, the national income of Lebanon has increased considerably, and available data indicate a rise in consumption. The dissolution in 1950 of the customs union 3/ with Syria, which had constituted Lebanon's most important market, caused a setback, compensated in recent years, it appears, by the over-all growth.

Emigration, which had almost ceased during the war years, recovered in the post-war period. In recent years it has averaged over 5,000 per annum, 4/ compared with an annual natural increase of about 15,000. Emigration was, however, offset by an influx of over 100,000 Palestinian Arab refugees in 1948 and 1949. The maintenance of these refugees by the United Nations Relief and Works Agency for Palestine Refugees has largely shielded the Lebanese economy from their impact, though many have found employment in the country while a few brought some capital with them and started new enterprises.

1/ The number of industrial establishments rose from 400 in 1930 to 900 in 1939, according to Mustafa el Hamaly, "Min al hirfa ila al sinaa", in Mubahesat al Qadma (Beirut, 1955).

2/ From 1940 to 1944 inclusive, Allied expenditure in Lebanon and Syria totalled £76 million (sterling). From 1939 to 1945 inclusive, Lebanon and Syria had a surplus of £67 million Lebanese-Syrian pounds on current account. The wholesale price index in Beirut rose from 100 in June 1939 to a peak of 1,205 in January 1945.

3/ See chapter 7.

4/ Emigration in 1951 totalled 4,077, in 1952 it was 2,725 and in 1953 it was 5,315 (Le Commerce du Levant, 9 October 1954, Beirut). A significant proportion of emigrants went to the Persian Gulf area.

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315 brought some capital with them and started new enterprises. Another important
382 factor was the impact on Lebanon of the development of Middle Eastern petroleum
434 resources, an impact which exceeded that exerted on any other non-producing
country in the region. Three pipelines have their terminal in Lebanon: two
Kirkuk-Tripoli lines, completed in 1934 and 1949, and the line connecting the
457 Arabian oilfields with Sidon, completed in 1950. A refinery was built in
439 Tripoli and another near Sidon. Lebanon has also benefited from the location
651 of offices of oil companies in Beirut. In addition, it has received many
434 tourists, as well as some capital, from the oil producing countries and has
supplied exports to these countries: for example, fresh fruit and vegetables
sent by air or truck or, more recently, by refrigerated ships. Finally,
royalties paid to the Government by the oil companies for pipeline use have
increased in recent years.

434 The development of transit trade has also contributed to the national
653 income. The increase in such trade was made possible by enlargement and
improvement of the port of Beirut shortly before the Second World War, development
of inland communications, provision of refrigerated storage and other storage
facilities and extension of the free zone in the harbour from 8,000 square metres
in 1939 to 75,000 in 1952 and 106,000 in 1955. Although the development of
Latakia has diverted some of Syria's trade, Beirut still handles a substantial
proportion of that trade as well as a large fraction of that of Jordan, which
previously passed through Haifa. The opening of a new airport in Beirut, in
1950, has also stimulated transit of goods and passengers.

457 In recent years, Beirut has been the centre of a large and widespread gold
trade. The relaxation and subsequent disappearance of exchange controls has
also greatly increased the importance of Lebanon as an international financial
centre. Tourism has increased in scope and continues to play a significant
part in the country's economy.

## Agriculture

241 Despite large-scale emigration to the cities and abroad, nearly half the
162 Lebanese population still earn a livelihood in agriculture. Since agriculture
312 accounts for less than one fifth of the national income (see table 43), per capita
income in agriculture is well below the average in other sectors. The
311 possibilities for raising agricultural income by extending cultivation are,
however, very limited. According to the latest estimates, of the total area
of 1,038,000 hectares, 375,000 hectares consist of rocky, waste or built-up
areas; 74,000 consist of forests; 115,000 are judged to be cultivable, though
at present uncultivated; and 375,000 are under cultivation. Of the cultivated
area, 48,000 hectares are irrigated and 325,000 are rainfed, but irrigation
projects under way or due to be undertaken in the near future will bring
54,000 hectares of rainfed land under irrigation. 1/ The reclamation of the
115,000 hectares judged to be cultivable would involve heavy capital outlay,
since most of this land is mountainous. Hence, in recent years, efforts have
been mainly concentrated on intensifying agriculture.

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1/ Figures from an unpublished paper prepared in the Ministry of Agriculture
in 1950. Cultivated land per capita of agricultural population is thus
only about 0.4 hectare, of which less than a fifth is irrigated.

457 3.42 in 1953. In 1954, after having appreciated rapidly, the pound remained stable around 3.20 to the dollar, partly owing to sales of foreign exchange by the Exchange Stabilization Fund, which feared that further appreciation might impair the country's competitive position. It seems clear, however, that no systematic attempt is being made to stabilize the exchange rate in view of the small size of Lebanon's foreign reserves 1/ and the great volume of exchange operations that take place in the Beirut market.

Public Finance

651 652 The war-time rise in incomes and prices led to an increase in both revenue and expenditure, a rate of increase which was, however, below that of the wholesale price index. Revenue rose from £L 6.1 million in 1939 to £L 35.9 million in 1945 and expenditure from £L 7.9 to £L 58.2 million. In every year, there was a surplus, the total for 1939 to 1944, inclusive, being £L 22.6 million. In the post-war period, there was a sharp rise in both revenue and expenditure. Except in 1950, every budget showed a surplus, the total for 1945 to 1952, inclusive, being £L 127.5 million. At the end of 1952, the Reserve Fund stood at £L 62.5 million. 2/ There is no internal or external debt.

Important tax reforms were carried out in the war and post-war periods. A progressive general income tax was introduced in 1944, which was modified in 1949; income from commercial and industrial activities are taxed at from 5 to 32 per cent, income from non-commercial activities at from 4 to 37 per cent and salaries at from 2 to 10 per cent. In 1952, a tax on agricultural income was introduced, with rates ranging from 2 to 35 per cent; it will take effect in 1955. As table 49 shows, the reforms have appreciably increased the amount raised through direct taxes, but these taxes still play a minor part in government revenue; customs and excise duties account for about one-half of revenue and the addition of other indirect taxes brings the share to nearly two-thirds.

On the expenditure side, the most striking increase in the post-war period was in education, expenditure for which rose from 8.1 per cent of the total in 1946 to 12.6 in the 1954 estimates; this is due to the active part played by the Government in recent years in supplementing the still predominant

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1/ The gold and foreign exchange reserves held by the Government and the bank of issue fell from $74.1 million at the end of 1948 to $58.5 million at the end of 1950. Thereafter, there was a slow rise to $65.2 million at the end of 1953 and a more rapid increase to $77.0 million at the end of October 1954; of the latter $58.8 million consisted of gold, $12.4 million of French francs and $5.8 million of other foreign exchange. These reserves included the cover of the note issue, which accounted for practically all the gold (International Monetary Fund, International Financial Statistics).

2/ Ministry of Finance, Closed Accounts for 1952 (Beirut).

Table 49. Lebanon: Principal Items in Government Budgets, 1939 and 1948 to 1954
(Millions of Lebanese pounds)

| Item | 1939 | 1948 | 1949 | 1950 | 1951 | 1952 | 1953 a/ | 1954 a/ |
|---|---|---|---|---|---|---|---|---|
| **Revenue:** | | | | | | | | |
| Direct taxes on income and wealth b/ | 1.20 | 9.73 | 12.93 | 12.89 | 14.46 | 17.87 | 15.20 | .. |
| Taxes on land and animals | | 1.28 | 1.09 | 1.09 | 1.01 | 0.83 | 0.83 | .. |
| Registration duties c/ | | 6.41 | 7.00 | 7.66 | 8.77 | 10.48 | 10.48 | .. |
| Customs duties | 4.35 | 25.38 | 28.09 | 30.51 | 33.53 | 36.77 | 34.30 | 38.75 |
| Other indirect taxes d/ | | 20.09 | 32.77 | 33.97 | 37.60 | 42.57 | 37.58 | .. |
| Other receipts | 1.85 | 6.77 | 7.24 | 7.09 | 9.73 | 17.68 | 14.47 | .. |
| Total | 7.20 | 71.66 | 87.12 | 93.21 | 109.10 | 126.76 | 112.68 | 125.4[illegible] |
| **Expenditure:** | | | | | | | | |
| Education | 0.50 | 5.69 | 6.77 | 7.86 | 9.56 | 9.96 | 13.59 | 13.51 |
| Health | 0.28 | 3.73 | 4.52 | 4.52 | 4.56 | 4.66 | 5.81 | 6.27 |
| Defence | - | 13.51 | 17.52 | 14.56 | 17.08 | 17.42 | 19.06 | 20.30 |
| Public works e/ | 1.14 | 17.30 | 17.56 | 20.33 | 17.95 | 14.77 | 15.92 | 19.66 |
| Other expenditure | 4.45 | 29.84 | 36.95 | 36.95 | 40.90 | 41.70 | 58.60 | 61.04 |
| Total | 6.57 | 70.07 | 83.40 | 84.50 | 90.05 | 88.51 | 113.08 | 125.4[illegible] |
| Balance | 0.63 | 0.59 | 3.72 | -1.31 | 19.05 | 38.25 | -0.38 | - |

Source: United Nations Bureau of Economic Affairs, Fiscal Branch.

a/ Estimates.

b/ Taxes on wealth and income include income tax, tax on buildings and other taxes.

c/ Registration duties include registration fees, stamp duties and judicial and notary fees.

d/ Other indirect taxes include general consumption taxes, tobacco monopoly and other taxes.

e/ Including expenditure of the Ministry of Public Works and, from 1951, public works appropriations of the Ministry of [illegible].

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system of private schools. The amount spent on defence doubled, but the share fell from 21.7 per cent of total expenditure in 1947 to 17.0 in 1954. Similarly, although expenditure on public works increased, their share declined from 13.8 to 13.4 per cent.

Development projects

[647] During the period 1947 to 1954, inclusive, government expenditure on development totalled L. 388 million. Of this L. 175 million was spent through the ordinary budget and L. 139 million through the Development Works Fund, [1] a reserve constituted from the budget surpluses of the war and post-war years.

Until the creation of the Board of Economic Planning and Development, in February 1955, all development projects were planned and executed by the government departments concerned, principally the Ministry of Public Works and the Ministry of Agriculture. The Board, which consists of five ex-officio and seven appointed members, is charged with assessing the country's economic resources and possibilities, establishing a general development plan and suggesting procedures for financing it. Execution is, however, entrusted to the departments concerned. [2]

[312] Irrigation and power

652 Expenditure on irrigation and drainage from both the ordinary budget and the development fund totalled about L. 31 million in the period 1947 to 1955. This expenditure has resulted in the irrigation of 27,500 hectares, an increase of 135 per cent over the previously irrigated area; an additional 800 hectares has been irrigated by a private concessionaire. The projects carried out have been on a small scale.

The principal irrigation projects being carried out or under consideration are the following: Hasbeh, Aishar, Tamaneah, Qrantina and Litani projects, which cover between them an additional 45,000 hectares of land. The main power projects are the Tamaneah, Qrantina, Nahr Ibrahim and Litani project. The Hasbeh project, on the Litani River, was begun in 1947 and at present irrigates 1,200 hectares; it is to be extended to another 2,300 hectares. In 1948, total costs were estimated at L. 11 million, of which L. 6.3 million had been spent by the end of 1950. Completion is scheduled for 1955.

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[1] Najib S. Hasbani, The Fiscal System of Lebanon. This represents 21.6 per cent of total expenditure during this period; the figures for 1952 to 1954 are budget estimates.

[2] In November 1954, a Ministry of General Planning was established. It incorporates the Development Board, the Bureau of Statistics, the Bureau of Prices, the Bureau of Fuels and Control of Oil Companies and Petroleum and the Bureau of Mines. To these are added a secretariat and two newly created bureaux dealing with co-ordination and supervision (Foreign Commerce Weekly, 7 February 1955).